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16443
RECORDATION NO. 16443
FILED 1423
WRITERS DIRECT DIAL NUMBER

RECORDATION NO. 16446
FILED 1423

JUL 28 1989 -9 05 AM

INTERSTATE COMMERCE COMMISSION

JUL 28 1989 -9 05 AM

INTERSTATE COMMERCE COMMISSION 009 A 001

RECORDATION NO. 16446
FILED 1423

JUL 28 1989 -9 05 AM

INTERSTATE COMMERCE COMMISSION

July 27, 1989

JUL 28 8 51 AM '89

Grand Trunk Western Railroad Company

Lease Financing Dated as of July 15, 1989

9.4% Series A Conditional Sale Indebtedness due July 2, 2004
9.4% Series B Conditional Sale Indebtedness due July 2, 1999

Dear Ms. McGee:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Grand Trunk Western Railroad Company, for filing and recordation counterparts of the following documents:

1. Rebuilding and Conditional Sale Agreement dated as of July 15, 1989, among Mercantile-Safe Deposit and Trust Company, as Agent, Grand Trunk Western Railroad Company, as Builder, and First Security Bank of Utah, N.A., as Trustee.

2. (a) Lease of Railroad Equipment dated as of July 15, 1989, between Grand Trunk Western Railroad Company, as Lessee, and First Security Bank of Utah, N.A., as Trustee; and

(b) Assignment of Lease and Agreement dated as of July 15, 1989, between First Security Bank of Utah, N.A., as Trustee, and Mercantile-Safe Deposit and Trust Company, as Agent.

*Completed
Nathan Greenberg*

The names and addresses of the parties to the
aforementioned agreements are as follows:

1. Agent-Vendor:

Mercantile-Safe Deposit and Trust Company
Two Hopkins Plaza
Baltimore, Maryland 21203

2. Trustee-Lessor:

First Security Bank of Utah, N.A.,
79 South Main Street
Salt Lake City, Utah 84111

3. Lessee-Builder-Seller:

Grand Trunk Western Railroad Company
1333 Brewery Park Blvd.
Detroit, Michigan 48207

Please file and record the documents referred to
in this letter and index them under the names of the
Agent-Vendor, the Trustee-Lessor and the
Lessee-Builder-Seller.

The reconstructed railroad equipment covered by
the Rebuilding and Conditional Sale Agreement and the Lease
are listed in Exhibit A attached hereto. The reconstructed
railroad equipment bears the legend "OWNERSHIP SUBJECT TO A
SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE
COMMISSION."

Enclosed is our check for \$26 for the required
recordation fee. Please accept for recordation one counter-
part of each of the enclosed agreements, stamp the remaining

counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,

Laurance V. Goodrich/kws
Laurance V. Goodrich
as Agent for
Grand Trunk Western
Railroad Company

Noreta R. McGee, Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423

encls.

[P90710]

RECORDATION NO

16446

FILED 1425

JUL 28 1989 - 9 05 AM

INTERSTATE COMMERCE COMMISSION

[CS&M Ref. 6642-005]

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of July 15, 1989

between

FIRST SECURITY BANK OF UTAH, N.A.,
as Trustee,

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
not in its individual capacity but solely
as Agent

ASSIGNMENT OF LEASE AND AGREEMENT

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1/ This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of this document.

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ASSIGNMENT OF LEASE AND AGREEMENT dated as of July 15, 1989, by and between FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Trustee (the "Trustee"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity but solely as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof.

The Trustee and the Vendor have entered into a Rebuilding and Conditional Sale Agreement dated as of the date hereof (the "RCSA") with Grand Trunk Western Railroad Company (the "Lessee") in its capacity as builder providing for the sale to the Trustee of the interest of the Vendor in such units of railroad equipment (the "Units") described in Schedule A thereto as are delivered to and accepted by the Trustee thereunder.

The Trustee and the Lessee have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease") providing for the leasing by the Trustee to the Lessee of the Units.

In order to provide security for the obligations of the Trustee under the RCSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as that term is defined in the RCSA), the Trustee has agreed to assign for security purposes its rights in, to and under the Lease to the Vendor.

In consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Trustee hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Trustee under the RCSA, all the Trustee's right, title and interest, powers, privileges, and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Trustee from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, payments in respect of purchase options, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all

other things whatsoever which the Trustee is or may become entitled to do under the Lease. Notwithstanding the foregoing, the Payments shall not be deemed to include (y) payments by the Lessee to the Trustee pursuant to Sections 5 and 8 of the Lease (except to the extent that the Trustee is obligated to reimburse the Vendor pursuant to Articles 5 and 12 of the RCSA and except to the extent that the Trustee is obligated to pay and discharge claims, liens, charges or security interests under Section 9 of this Assignment) and (z) such amounts of indemnity receivable by the Trustee pursuant to the Tax Indemnity Agreement dated as of the date hereof between the Trustee and the Lessee (such amounts and payments referred to in (y) and (z) being hereinafter collectively called the "Excluded Payments"). In furtherance of the foregoing assignment, the Trustee hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Trustee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Trustee pursuant to Section 2 of the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Trustee under the RCSA due and payable at the time such Payments are due and payable under the Lease, and to provide for the payments required to be made by the Trustee to the Vendor pursuant to Section 9 of the Participation Agreement under which the Vendor is acting as Agent, and so long as no event of default (or event which, with notice or lapse of time, or both, could constitute an event of default) under the RCSA shall have occurred and be continuing, any balance shall be paid to the Trustee, or to such other party as the Trustee may direct in writing, in Federal funds not later than the first business day following receipt of such balance. If the Vendor shall not receive any rental payment under Section 2 of the Lease when due, the Vendor shall, on the date due, notify the Trustee and the Lessee, by telephone, confirmed in writing, at the respective addresses set forth in the Lease; provided, however, that the failure of the Vendor so to notify the Trustee and the Lessee shall not affect the obligations of the Trustee hereunder, under the RCSA or the Participation Agreement or the Lessee under the Lease or the Consent and Agreement attached hereto.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass,

or in any way affect or modify the liability of the Trustee under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Trustee to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Trustee or persons other than the Vendor.

3. To protect the security afforded by this Assignment the Trustee agrees that, without the written consent of the Vendor, the Trustee will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Trustee agrees that any amendment, modification or termination thereof without such consent shall be void; provided, however, that the Trustee may amend or supplement the Lease to provide for an increase or decrease of amounts due as rentals and/or Casualty Values provided that no such decrease shall reduce said amounts below that which are necessary to satisfy the obligations of the Trustee under the RCSA and the Participation Agreement, notwithstanding any limitation of liability of the Trustee contained therein.

4. Subject to Section 12 hereof, the Trustee does hereby constitute the Vendor the Trustee's true and lawful attorney, irrevocably, with full power (in the name of the Trustee, or otherwise), to ask, require, demand, and receive, any and all Payments due and to become due under or arising out of the Lease to which the Trustee is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Vendor may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Trustee's obligations under the RCSA and the Participation Agreement (without giving effect to any limitations on liability contained therein), this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Trustee.

6. If an event of default under the RCSA shall occur and be continuing, the Vendor may declare all sums secured hereby immediately due and payable and may apply all such sums against the amounts due and payable under the RCSA.

7. The Trustee will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file (and will refile) any and all further instruments required by law and reasonably requested by the Vendor in order to confirm or further assure, the interests of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder; provided, however, the Trustee and the Lessee shall not be bound to honor such assignment until they have received written notice thereof. Payment to the assignee of all Payments shall constitute full compliance with the terms of this Agreement and the Lease. The Trustee and the Lessee may rely on instruments and documents of assignment which they believe in good faith to be true and authentic.

9. The Trustee will pay and discharge any and all claims, liens, charges or security interests (other than those created by the RCSA) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Trustee or its successors and assigns (other than the Vendor), not arising out of the ownership of the Equipment or the transactions contemplated by the RCSA or the Lease (but including income taxes arising out of the receipt of rentals and other payments under the Lease and any other "income and proceeds from the Equipment", as defined in the RCSA) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments, unless the Trustee shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect such interests of the Vendor.

10. The terms of this Assignment and all rights and obligations hereunder shall be governed by and construed

in accordance with the laws of the State of New York, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Assignment or any assignment hereof shall be filed, recorded or deposited.

11. The Trustee shall cause copies of all notices received by it in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the RCSA, or at such other address as the Vendor shall designate.

12. So long as no event of default under the RCSA has occurred and is continuing, the Vendor will not exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Trustee to the Vendor by this Assignment, except the right to demand, sue for, collect, receive and apply the Payments as provided in Paragraph 1 hereof.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Section 1 and Section 3 hereof), and so long as there is no event of default under the RCSA or event which with notice or lapse of time could become such an event of default, and to the extent that the Vendor does not seek to receive and collect any Payments under the Lease in excess of the amounts required to discharge the obligations of the Trustee under the RCSA and the Participation Agreement, the terms of this Assignment shall not limit or in any way affect the Trustee's right to receive and collect any Payments under the Lease in excess of the obligations of the Trustee under the RCSA and the Participation Agreement, or empower the Vendor in any way to waive or release the Lessee's obligation to pay such excess amounts, and the Trustee shall continue to be empowered to ask, demand, sue for, collect and receive any and all of such excess amounts, but shall not take any action under subparagraph (b) of Section 9 of the Lease without the written consent of the Vendor.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. It is not necessary that the parties hereto all sign the same counterpart as long as each party shall sign a counterpart

and such counterpart is delivered to the Vendor or its counsel, whereupon this Agreement shall become effective.

15. It is expressly agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Trustee are each and every one of them made and intended not as personal representations, undertakings and agreements by the financial institution acting as Trustee hereunder or for the purpose or with the intention of binding said financial institution personally but are made and intended for the purpose of binding only the Trust Estate as that term is used in the Trust Agreement and this Assignment is executed and delivered by the Trustee solely in the exercise of the powers expressly conferred upon the Trustee under the Trust Agreement; and that no personal liability or responsibility is assumed by or shall at any time be asserted or enforceable against said financial institution on account of any representation, undertaking or agreement hereunder of said financial institution, acting in its capacity as Trustee, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Agent and by all persons claiming by, through or under the Agent; provided, however, that the Agent or any person claiming by, through or under the Agent, making claim hereunder, may look to the Trust Estate for satisfaction of the same.

IN WITNESS WHEREOF, each of the parties hereto pursuant to due corporate authority, have caused this instrument to be executed in its corporate names, by its officers, thereunto duly authorized, all as of the date first above written, and each of the undersigned signatories

hereto declares pursuant to 28 U.S.C. § 1746 under penalty of perjury that the foregoing is true and correct and was executed on the date indicated below its signature.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its
individual capacity but solely
as Agent,

[Seal]

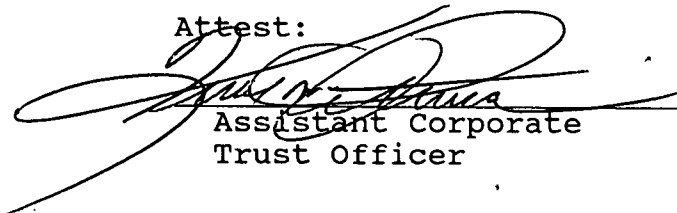
by



Title: Vice President

Name: John M. Mitchell

Attest:



Assistant Corporate
Trust Officer

Executed on July 24, 1989.

FIRST SECURITY BANK OF UTAH,
N.A., not in its individual
capacity but solely as Trustee,

by

Title:

Name:

Executed on July , 1989.

hereto declares pursuant to 28 U.S.C. § 1746 under penalty of perjury that the foregoing is true and correct and was executed on the date indicated below its signature.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its
individual capacity but solely
as Agent,

[Seal]

by

Title: Vice President

Attest:

Name:

Executed on July , 1989.

Assistant Corporate
Trust Officer

FIRST SECURITY BANK OF UTAH,
N.A., not in its individual
capacity but solely as Trustee,

by

Val T. Oton

Title: ASSISTANT VICE PRESIDENT

Name: Val T. Oton

Executed on July 25, 1989.

LESSEE'S CONSENT AND AGREEMENT

The undersigned, GRAND TRUNK WESTERN RAILROAD COMPANY, a corporation duly incorporated under the laws of the States of Michigan and Indiana, the Lessee (the "Lessee") named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Assignment"), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment and agrees that:

(1) it will pay all Payments as defined in the Assignment, due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to Mercantile-Safe Deposit and Trust Company, not in its individual capacity but solely as Agent (the "Vendor"), the assignee named in the Assignment, to be applied as provided in the RCSA (as defined in the Assignment), in immediately available funds by 11 a.m., Baltimore, Maryland, time on the date of payment, by wire transfer to Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, for credit to its Corporate Trust Department's Account No. 620081-8, with advice that the deposit is "RE: GTW 7/15/89" (or at such other address as may be furnished in writing to the undersigned by the Vendor);

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the undersigned under the Lease as though the Vendor were named therein as the Lessor and the Lessee will not assert against the Vendor any claim or defense the Lessee may have against the Lessor under the Lease;

(3) the Vendor shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

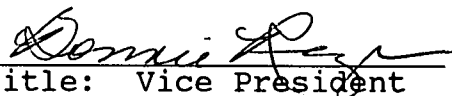
(4) the Lease shall not, without the prior written consent of the Vendor, be amended, terminated or modified (other than as set forth in the proviso in Paragraph 3 of the Assignment), nor shall any action be taken or omitted by the undersigned, the taking or omission of which might result in an alteration or impairment of the Lease or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed a contract under, and shall be construed in accordance with, the laws of the State of New York. It is not necessary that the parties hereto all sign the same counterpart of this Agreement and Consent as long as each party shall sign a counterpart and such counterpart is delivered to the Vendor or its counsel, whereupon this Agreement and Consent shall become effective.

Dated as of July 15, 1989

GRAND TRUNK WESTERN RAILROAD
COMPANY,

by



Title: Vice President

Name:

The foregoing Consent and Agreement is hereby accepted, as of the 15th day of July 1989.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its
individual capacity but solely
as Agent,

by

Title: Vice President

Name:

This Consent and Agreement when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed a contract under, and shall be construed in accordance with, the laws of the State of New York. It is not necessary that the parties hereto all sign the same counterpart of this Agreement and Consent as long as each party shall sign a counterpart and such counterpart is delivered to the Vendor or its counsel, whereupon this Agreement and Consent shall become effective.

Dated as of July 15, 1989

GRAND TRUNK WESTERN RAILROAD
COMPANY,

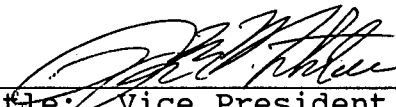
by

Title: Vice President
Name:

The foregoing Consent and Agreement is hereby accepted, as of the 15th day of July 1989.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its
individual capacity but solely
as Agent,

by



Title: Vice President
Name: John M. Mitchell

CERTIFICATE OF TRUE COPY

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

I, Caryn W. Sherman, do hereby certify that I have compared the attached copies of the attached documents with an executed original counterpart thereof and find the said attached copies to be in all respects true, correct and complete copies of the aforesaid executed original counterpart.

IN WITNESS WHEREOF, the undersigned has hereunto affixed his signature this 27th day of July, 1989.


Caryn W. Sherman

Subscribed and sworn to
before me this 27th day
of July, 1989.


Notary Public

My Commission expires:

ARTHUR WELWARDT
Notary Public, State of New York
No. 41-4834412
Qualified in Queens County
Certificate Filed in New York County
Commission Expires July 31, 1991